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CIA Expands Forecast Of Soviets' Oil Output

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The Central Intelligence Agency grudgingly acknowledged yesterday that the Soviet Union is doing a better job of finding and producing oil than the agency had predicted it could, a change that could have an impact on U.S. policies in the Middle East.

In 1977, the CIA forecast a sharp decline in Soviet oil production by 1985 and said the Soviets in that year would import about 3.5 million barrels of oil a day instead of exporting about 1.5 million. Now, the agency is backing off.

The projected need for new oil supplies, widely questioned at the time by several analysts, was cited more than once by the Carter and Reagan administrations as increasing the potential Soviet threat to the oil-rich Persian Gulf area and therefore as an excuse for expanding U.S. military forces there.

Two months ago, Defense Secretary Caspar W. Weinberger asserted that "the Soviet Union will almost certainly

become a net energy importer," adding that access to Persian Gulf oil would become an "economic necessity."

Responding to news accounts of a change in the CIA's assessment, the agency issued a statement saying Soviet oil production in 1985 likely would be between 10 million and 11 million barrels daily instead of the 8 million to 10 million predicted earlier. However, the CIA called the news accounts of the change "overstated."

A CIA spokesman declined to answer questions about yesterday's statement or to make agency analysts available to discuss whether the Soviets might eliminate the need to import oil by continuing to expand production of fuels such as natural gas and coal and stepping up conservation efforts.

"All of the problems that we foresaw the Soviets facing are emerging, although output in the near term will be somewhat higher than we anticipated in 1977," the CIA statement said.

"Despite extremely costly efforts, Soviet output at most is likely to remain at about present levels of 12 million barrels a day for one to three years and then begin to decline.... Only the rapid discovery of very large amounts of new oil can avert this outcome."

The Soviets' current five-year plan calls for 1985 production of between 12.4 million and 12.9 million barrels daily. Most oil experts believe the upper limit cannot be attained but are much less certain that output of about 12 million barrels cannot be maintained, particularly with continuing

increases in exploration and production budgets.

Such increases since 1977 are the principal reason the earlier CIA estimate was wide of the mark.

The Soviets also have greatly increased spending on exploration and production of natural gas and on construction of natural gas pipelines. The resulting production jump has been huge and, while failing to meet oil production targets, the Soviets far surpassed their gas targets.

The five-year plan calls for production of 21.2 trillion to 22.6 trillion cubic feet of gas a year in 1985 compared with 15.4 trillion last year. Proven reserves already are adequate for such an increase if the necessary pipelines can be built.

Last summer, Adm. Stansfield Turner, then CIA director, was asked at a congressional hearing, "Is it possible that even if Soviet oil production declined substantially, the U.S.S.R. may not become a net oil importer?"

"Yes," Turner replied. "They have certain slack factors built in. The room for conservation is there. But it's much less than with us, of course."

Another CIA official went on to say then that the agency nevertheless expected the Soviet bloc to become a net oil importer.